

Montana State Fund

Agency Goals and Objectives – 2011 Biennium

Montana State Fund has statutory requirements to adopt goals and objectives however, Montana State Fund is statutorily exempt (39-71-2363, MCA) from the requirement to provide agency goals and objectives in the manner required of state agencies under 17-7-111(3)(c), MCA.

39-71-2363. Agency law -- submission of budget -- annual report. (1) The state fund is subject to state laws applying to state agencies, except as otherwise provided by law, and it is exempt from the provisions of The Legislative Finance Act in Title 5, chapter 12, and the provisions of Title 17, chapter 7, parts 1 through 4. The state fund may use the debt collection procedures provided in Title 17, chapter 4, part 1.

Montana State Fund's Board of Directors adopts a business plan annually as required in law, 39-71-2315(3), MCA. The business plan is required to contain Montana State Fund's goals and objectives for the succeeding year.

39-71-2315. Management of state fund -- powers and duties of the board -- business plan required. (1) The management and control of the state fund is vested solely in the board.

(2) The board is vested with full power, authority, and jurisdiction over the state fund. The board may perform all acts necessary or convenient in the exercise of any power, authority, or jurisdiction over the state fund, either in the administration of the state fund or in connection with the insurance business to be carried on under the provisions of this part, as fully and completely as the governing body of a private mutual insurance carrier, in order to fulfill the objectives and intent of this part. Bonds may not be issued by the board, the state fund, or the executive director.

(3) The board shall adopt a business plan no later than June 30 for the next fiscal year. At a minimum, the plan must include:

(a) specific goals for the fiscal year for financial performance. The standard for measurement of financial performances must include an evaluation of premium to surplus.

(b) specific goals for the fiscal year for operating performance. Goals must include but not be limited to specific performance standards for staff in the area of senior management, underwriting, and claims administration. Goals must, in general, maximize efficiency, economy, and equity as allowed by law.

(4) The business plan must be available upon request to the general public for a fee not to exceed the actual cost of publication. However, performance goals relating to a specific employment position are confidential and not available to the public.

(5) No sooner than July 1 or later than October 31, the board shall convene a public meeting to review the performance of the state fund, using the business plan for comparison of all the established goals and targets. The board shall

publish, by November 30 of each year, a report of the state fund's actual performance as compared to the business plan.

The 2010 and 2011 fiscal year goals and objectives have not been developed or approved by the MSF Board. The following are the fiscal year 2009 goals and objectives as approved in the FY09 MSF Strategic Business Plan in compliance with State law.

Mission

Montana State Fund is Montana's insurance carrier of choice and industry leader in service.

Vision

Montana State Fund is committed to the health and economic prosperity of Montana through superior service, leadership, and caring individuals working in an environment of teamwork, creativity and trust.

Guiding Principles

Integrity and Ethical Conduct: In the course of providing superior service to our policyholders, their injured employees, and insurance producers, we will conduct ourselves ethically and with the highest degree of integrity.

Customer Focus: Enhance and maintain a partnership with stakeholders in the true spirit of cooperation and collaboration. Enter into strategic partnerships where appropriate to enhance the service and products we provide our customers.

Strong Financial Position: Set adequate rate levels to maintain financial strength and stability, ensuring long-term viability and financial solvency.

Offer Quality and Competitive Insurance Products: Deliver high quality products to Montana businesses at the lowest possible cost consistent with sound insurance principles. Foster and support a competitive insurance market in Montana. Function like a private insurer, offering a competitively priced product based upon actuarially sound rates while still fulfilling our role as the guaranteed market.

Employee Growth and Development: Provide a performance-driven culture within a continually improving work atmosphere that is conducive to the growth and development of our employees. Promote a customer-focused, team oriented, high performance environment that empowers, challenges, and rewards our employees.

FY 2009 Key Success Measures

Key success measures are the goals and objectives established for fiscal year 2009. These "SMART" goals—Specific, Measurable, Attainable, Realistic, and Timely—represent the corporate level success measures that will allow us to gauge our financial and strategic progress. We have incorporated five financial measures and one multifaceted qualitative measure that, combined, define success for Montana State Fund.

Five financial measures and one multifaceted qualitative measure define success for Montana State Fund.

- 1) Achieve targeted FY Net Operating Income before dividend of \$21.4M
- 2) Achieve total Net Earned Premium of \$211.4M
- 3) Achieve Fiscal Year Loss Ratio of 86.0%
- 4) Maintain Expense Ratio of 28.0% or less
- 5) Achieve Investment Income of \$46.2M
- 6) Achieve Enterprise-Wide Initiatives

Enterprise-Wide Initiatives

Enterprise-wide initiatives are critical elements for the continued success of Montana State Fund. These initiatives are supported by a number of multifunctional efforts and comprised of measurable key performance indicators, which help to ensure the accomplishment of our stated goals and objectives. In addition, these initiatives also support our mission, vision and core values.

Our enterprise-wide initiatives are supported by measurable key performance indicators.

1) Workforce

Develop opportunities within MSF to “grow our own” talent in order to supplement the talent we attract from an ever-shrinking pool of qualified candidates. Provide a challenging yet rewarding work experience, one that recognizes and rewards accomplishment, and offers myriad opportunities for personal and professional growth and achievement.

2) Customer Service

Clearly articulate who we are and what we’re committed to for our policyholders, their employees, and, ultimately, all Montanans. Develop and reinforce an unwavering commitment to a culture of safety among all Montana businesses. Continue to evaluate our operating processes and procedures to ensure that we are fulfilling our promise and providing service to our customers in the most effective and efficient manner possible.

3) Infrastructure

Provide the appropriate working environment, technology and tools to empower our employees to most effectively and efficiently service our customers. Build a physical work environment that is conducive to superior performance while recognizing our responsibilities as good corporate citizens and stewards of the environment. Develop and provide leading-edge tools that will allow our employees to maximize their contribution to those we serve.